GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6301
ANSWERED ON:05.05.2000
FOREIGN DIRECT INVESTMENT
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

(a) whether the US Exim bank is under-invested in India as compared to other developing countries in the South-Eastern Asia;

(b) if so, the restricting factors leading to foreign direct investment in India dropping to around $ 2.00 billion as compared to China`s $ 50.00 billion; and

(c) the manner in which the Government propose to make India more investor friendly?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (V. DHANANJAYA KUMAR)

(a) to (c) Statement is being enclosed.

STATEMENT IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 6301 DATED 5.5.2000

(a): U.S. Exim Bank`s relationship with India goes back more than 40 years. Since 1990, Ex-Im Bank has increased its support for Indian buyers more than twelve-fold to $ 1.8. billion in outstanding loans and guarantees.

Ex-Im Bank is an independent US government agency that helps finance the sale of US exports, primarily to emerging markets, throughout the world, by providing loans guarantees, and insurance. World wide in fiscal year 1999, Ex-Im Bank supported nearly $ 17 billion in exports.

Further the Ex-Im Bank is now willing to guarantee loans denominated in repees,under Ex-Im Bank`s Foreign Currency Guarantee program.

Ex-Im Bank expects to facilitate up to $ 500 million in U.S. exports to India under the program.

(b) & (c): Quantum of FDI in a Country depends on the commercial judgement of the international investors which is determined by various factors like perceptions on the depth and resilience of individual economies, political developments, investment avenues, expected rate of returns on investments etc. Government`s constant endeavor is to create a better, and friendly environment for attracting FDI through various liberalization measures and integrate with world economy to build upon our advantage.